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AIDE TO U.N. CHIEF CALLED SOVIET SPY IN SENATE REPORT

**Intelligence Panel Study Also
Calls for Improvements in
U.S. Counterespionage**

By STEPHEN ENGELBERG

Special to The New York Times

WASHINGTON, Oct. 7 — The Senate Select Committee on Intelligence charged today that a Soviet intelligence officer holds the post of assistant to the Secretary General at the United Nations.

The committee, in a report calling for broad changes in the Government's security and counterintelligence programs, added new details to the Reagan Administration's charge that the Soviet Union is using the United Nations as a platform for spying.

"The K.G.B. has succeeded in infiltrating its officers into the U.N. bureaucracy, with some reaching positions of authority," the report said. "The K.G.B. has held the position of assistant to the Secretary General since Viktor Lesiovsky held the post under U Thant. The current assistant is a K.G.B. China expert."

Soviet Aide to U.N. Leader

It did not name the assistant. Javier Pérez de Cuéllar, the Secretary General, has two special assistants, one of whom is Vladimir Kolesnikov, a Soviet citizen.

The Senate report was based on data gathered by American intelligence agencies that has been declassified for public release.

Last month, the Reagan Administration announced it would expel 25 diplomats attached to the Soviet mission to the United Nations who it said were intelligence operatives. Employees of the United Nations Secretariat are international civil servants and were not included in the expulsion order, which was part of an American effort to reduce the size of the Soviet diplomatic mission.

According to Administration officials, 14 of the 25 have left. The remaining 11 are said to include the head of the K.G.B. in New York City, identified as Valery I. Savchenko, and the head of the G.R.U., the Soviet military intelligence agency, identified as Vladislav B. Skvortsov.

A spokesman for the United Nations,

François Giuliani, said charges of spying are occasionally made against various employees of the organization. But he said no country has ever made a formal complaint. "Unless people wear a sign saying, 'I am a K.G.B. spy,' how do you want us to know?" asked Mr. Giuliani.

The 114-page report by the Senate Committee covers a broad array of counterintelligence and security issues. It praises the Reagan Administration for making improvements after

decades of neglect, but says numerous weaknesses remain.

The report offers 95 specific recommendations and says high-level officials must put more emphasis on the problem to overcome longstanding bureaucratic barriers.

Damage From Espionage

It says the damage caused by the series of espionage cases of recent years was "far greater than anyone in the U.S. Government has acknowledged publicly."

The committee called for a reduction in the number of diplomats allowed to serve at the Soviet Union's embassy,

consulates and United Nations mission. According to the report, approximately 450 of the Soviet citizens in this country as official representatives are intelligence operatives.

Senator Dave Durenberger, the Minnesota Republican who is chairman of the Intelligence Committee, characterized the committee's findings this way: "Too many secrets, too much access to secrets, too many spies, too little accountability for securing national security secrets, and too little effort given to combatting the very real threat which spies represent to our national security."

The report's recommendations

ranged from changes in the system used for classifying secret documents to improvements in computer security and in the standards used to investigate and reinvestigate Government personnel with access to sensitive information.

The report also said agencies' procedures for keeping track of employees who receive clearances despite problems like drug use are "poor or nonexistent."

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Counterspy Effort Called Inadequate

Report Says U.S. Lost Billions to Espionage

By David B. Ottaway and Walter Pincus
Washington Post Staff Writers

The Senate Select Committee on Intelligence said yesterday that recently exposed spy cases have caused damage "far greater than anyone in the U.S. government has yet acknowledged publicly" involving "billions of dollars of actual and potential damage to U.S. military programs." But, the committee said, the U.S. government still has a totally inadequate counterintelligence program to combat "expanding hostile intelligence operations" against this country.

In a 141-page report on U.S. counterintelligence and security programs, the committee said the government's intelligence agencies, with differing missions and needs, are refusing to cooperate fully with each other.

"Our committee found a security system paralyzed by bureaucratic inertia, with little ability to bridge the gaps between agencies or between different security disciplines like personnel security and computer security," Sen. David F. Durenberger (R-Minn.), the committee chairman, said.

There are "too many secrets, too much access to secrets, too many spies . . . and too little effort given to combatting the very real threat which spies represent to our national security," he said.

The report called upon the Reagan administration to draw up a "national counterintelligence strategy" that would establish national objectives and integrate the planning and resources of the various agencies involved in counterintelligence. It suggested that the National Security Council, which operates an Interagency Group for Counterintelligence under Federal Bureau of Investigation Director William H. Webster, be given responsibility for devising and carrying out the strategy.

The committee carried out its 16-month review in cooperation with the administration, which is expected to release its report next week and to include many of the same recommendations, Durenberger said.

One of the committee report's main findings was that the existing system of classifying documents was "unduly complicated" and "breeds cynicism and confusion."

As an example, one source cited the attempt by Central Intelligence Agency Director William J. Casey to keep the committee report from being made public, even after interagency approval, on grounds that too much information on the U.S. counterintelligence structure would be given to the Soviets. Only following prolonged negotiations between the committee and Casey was an agreement reached for its release, the source said.

The committee also said that the current practice of authorized administration disclosures and "leaks" are "so commonplace as to imperil many sensitive programs and operations."

The committee called on the administration to develop a procedure governing authorized leaks to reporters, "thus relieving the FBI of the need to investigate cases that are not real leaks."

The report also proposed that the security classification of "confidential" be eliminated, with all information labeled either "secret" or the equivalent of "sensitive compartmented information," a category currently used for material collected by various secret methods such as photographic satellites and electronic interceptors.

The committee study was particularly critical of the administration's failure to periodically review and investigate individuals with access to highly classified information. One committee source noted that this was a problem common to most of the espionage incidents that emerged last year, giving as notable examples the cases of Jonathan Jay Pollard, who provided classified documents to Israel, and John A. Walker Jr., who ran a spy ring in the Navy for 18 years.

The committee report, pointing out the losses caused by Walker and Edward Lee Howard, a former CIA agent who defected to the Soviet Union, also argued that more care should be taken with individuals who leave government service after having had access to highly classified information. The administration "should consider requiring as a precondition for clearance" an agreement by individuals that would allow "access to relevant financial and foreign travel records" for several years following departure from government service, the committee said.

ARTICLE APPEARED
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8 October 1986

Senators call for greater effort to counteract spying

By Mark Matthews
Washington Bureau of The Sun

WASHINGTON — The United States is inadequately equipped to combat a hostile spying threat "more serious than anyone in government has yet acknowledged," the Senate Intelligence Committee said yesterday.

It allows in too many Soviet bloc spies, spends too little on tracking them and in protecting its secrets, pays insufficient attention to present and former government employees with access to classified data and is increasingly vulnerable to penetration of computers and telephone communications, the panel said.

Its efforts also have been hampered by bureaucratic inertia, disputes among agencies, and what committee Chairman David F. Durenberger, R-Minn., called a failure among policy-makers to examine ideas for improvement.

The committee released its findings, along with 95 recommendations, in a 144-page report resulting from a 16-month study and 16 closed hearings it said drew "full cooperation" from the Reagan administration.

Many of the problems detailed in the report and in a thicker classified version will be addressed in a report

President Reagan is expected to give the committee shortly, the panel said in a statement.

In addition to military damage estimated to be in the billions of dollars resulting from espionage cases in the past several years, including that of the Walker spy ring, the panel said that U.S. intelligence has been "gravely impaired," that some

U.S. technological advantages have been overcome and that "sensitive aspects of U.S. economic life" have been "subject to constant Soviet monitoring."

The unclassified report appeared to shed little new light on what U.S. secrets may have been lost as a result of recent spy cases or as a result of the defection this summer of fired CIA agent Edward Lee Howard.

But it concluded: "Based on the public and classified record, the committee has found the aggregate damage in recent years to be far greater than anyone in the U.S. government has yet acknowledged publicly."

The United States is vulnerable to recruitment of spies by Soviet bloc agents established here in a variety of official and unofficial capacities: to interception of U.S. communications "from collection facilities throughout the world," including an extensive site in Cuba; and to the penetration of a wide range of technical data and high-technology equipment, it said.

In addition to 450 Soviet intelligence agents the panel says are here under cover as diplomats, U.N. employees and in other positions, the committee said there were thousands of other Soviet bloc employees of commercial entities who can be used for clandestine activities.

"A Czech, Pole or other East European is frequently able to contact U.S. companies without arousing the suspicion that contact by a Soviet official would occasion," the report said.

The increased use of computers in the United States multiplies the information to which an agent may get access, the report said.

"Over the past decade, the Soviets have acquired over 300 different types of U.S. and other Western computer hardware and software, which has enabled them to develop the technical ability to penetrate at least some U.S. automated systems," it said.

Discussing Soviet penetration of communications, the report said that "more than half of all telephone calls in the United States made over any distance are vulnerable to interception" by surveillance.

The report said that "too many government officials and contractor employees discuss classified matters on unsecured lines because of the difficulty and expense of using currently available secure communications equipment."

An effective Soviet intelligence tool, highlighted by the recent case of Gennady F. Zakharov, is the number of Soviet employees working for the United Nations Secretariat, according to the report.

"The KGB has succeeded in infiltrating its officers into the U.N. bu-

reaucracy, with some reaching positions of authority. The KGB has held the position of assistant to the secretary general" since the days of U Thant — who held that post from 1962 to 1971 — the report said. "The current assistant is a KGB China expert."

The panel repeated its insistence that the United States reduce the official Soviet presence here.

It again stressed the need for a National Strategic Security Program, an interagency forum to develop ways to protect sensitive information.

Other recommendations included:

□ Spending \$500 million more than in fiscal 1985 for both counterintelligence and security measures, including \$129 million to protect communications.

□ A new look at the treatment of defectors as a result of lapses highlighted by the defection last November of KGB official Vitaly Yurchenko.

□ Early FBI and Justice Department involvement in cases of suspected espionage by present or former government officials.

□ A streamlined procedure for classifying government material, and new procedures for authorizing disclosure. The present system of occasional "authorized leaks" has bred what the report called a "climate of cynicism" and has fostered "disrespect for security."

□ Better screening of employees for sensitive positions, with more thorough follow-up and tracking by scrutinizing travel and finances of former government employees who had access to secrets.

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Spies pose greater threat to U.S. than ever before, report states

By Bill Gertz
THE WASHINGTON TIMES

"The hostile intelligence threat to the United States is severe, and it confronts the government and the American people with increasingly serious challenges," according to a Senate committee report on counter-espionage, released yesterday.

The 141-page Senate Intelligence Committee report says the country faces a major threat from foreign spies. It recommends that federal security agencies take stronger measures to prevent the loss of U.S. secrets.

"Based on the public and classified record, the committee has found the aggregate damage in recent years to be far greater than anyone in the U.S. government has yet acknowledged publicly," says the report, released after a 16-month investigation.

Intelligence Committee Chairman David Durenberger, Minnesota Republican, said U.S. agencies responsible for rooting out spies suffer from "complacency [and] an unhealthy degree of wishful thinking" about the problem of foreign spying.

"The hostile intelligence threat to America's security is greater than ever before," Mr. Durenberger said at a Capitol Hill news conference. "The threat is large. It's well-financed. It's highly sophisticated, and I regret to say, it's too often successful."

The report provides new details on recent espionage cases and security failures, including the cases of former National Security Agency official Ronald W. Pelton, convicted earlier this year of selling secrets to the Soviets; the defection to Moscow of former CIA operative Edward Lee Howard; and the CIA's mishandling of KGB "general-designate" Vitaly Yurchenko, who redefected to Moscow after three months in CIA custody last year.

"The cases that surfaced in 1985 ... represent a severe blow to U.S. intelligence, with Howard and Pelton doing the greatest harm because they compromised collection efforts directed at high-priority targets in the Soviet Union," the report said.

The Howard case and the case of CIA clerk Sharon Scranage, who

was convicted of spying for Ghana last year, "suggest that there was, and is, a substantial need for improvement in CIA counterintelligence," the report says.

Defense Department and FBI efforts to improve career development for counterintelligence officers have been "uneven," the report states.

The report also says typewriters in the U.S. Embassy in Moscow were bugged, allowing the Soviets to monitor what was being typed.

"For years, the Soviets were reading some of our most sensitive diplomatic correspondence, economic and political analyses and other communications," the report states. "Taken together, the damage to national security from espionage, technology theft and electronic surveillance amounts to a staggering loss of sensitive information to hostile intelligence services."

The report says the counterintelligence components of the FBI, CIA and Department of Defense are "fundamentally sound," but says other elements "need to be strengthened."

The report recommends 95 reforms, and projects that federal spending on counterintelligence programs will grow by \$500 million this year. The reform proposals call for reducing the number of Soviet diplomats in the United States; tightening security for U.S. telephone and electronic communications; controlling "authorized leaks" to the press by the administration, to prevent needless FBI investigations; and establishing court procedures for FBI counterspy break-ins.

On the subject of Soviet electronic spying, the report says that more than the half of all domestic long-distance telephone calls are vulnerable to Soviet electronic eavesdropping.

Although counterintelligence cooperation between the FBI and CIA has improved dramatically, "our committee found a security system paralyzed by bureaucratic inertia with little ability to bridge the gaps between agencies or between different security disciplines like personnel security and computer security," Mr. Durenberger said.

ARTICLE APPEARED
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Spies having field day at U.S. expense, study finds

WASHINGTON [AP]—Following a two-year study, the Senate Intelligence Committee said Tuesday the United States has paid too little time, attention and money to protecting the nation's secrets from foreign spies.

"The hostile intelligence threat is more serious than anyone in the government has yet acknowledged publicly," the panel said in a 141-page staff report, "Meeting the Espionage Challenge."

It estimated that the Western lead over the Soviets in high tech-

nology had been whittled by spying from "10-12 years a decade ago to about half that today."

The public version of the report, missing the secret sections also submitted to the Senate, reviewed in one place for the first time the damage publicly acknowledged from the spate of spy cases in the last two years.

The panel took the government to task for ignoring defensive security measures designed to thwart spying.

Among a wide range of exam-

ples, it highlighted a little-publicized, recently discovered lapse which allowed the Soviets, for the second time since 1978, to get access to electric typewriters shipped to the U.S. Embassy in Moscow and to plant bugs in them.

On the separate question of hunting down spies, the committee had kinder words. It noted that from 1984 to 1986, 25 people were convicted or pleaded guilty to spying against the United States.

"As a result of significant im-

provements in recent years, the nation's counterintelligence structure is fundamentally sound," the report said.

Nevertheless, it called for better policy direction of the FBI, the CIA, the Justice, State and Defense departments. It commended the administration for beginning work on a national counterintelligence strategy.

The committee said U.S. intelligence agencies do not have uniform standards for investigating whether their employees are secu-

rity risks and are way behind in periodically reinvestigating them.

"Personnel security is seriously underfunded," the panel said, despite Congress' adding \$25 million last year to help reduce the backlog of reinvestigations.

The panel commended the Defense Department for reducing the number of employees with access to classified data by 900,000, or more than 20 percent, after the John Walker family spy ring was uncovered, but criticized the pro-

cedure for protecting classified information.

And it said major work was required to protect the security of computers and communications, particularly those transmitted by satellite.

It noted that the intelligence authorization bill sent to President Reagan on Monday contained \$129 million for communications security, including money to begin a five-year plan to encode sensitive domestic satellite channels.

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8 October 1986

Report faults U.S. counterspy efforts

By Frank Greve
Inquirer Washington Bureau

WASHINGTON — Too many U.S. officials hold too many secrets too loosely, according to a congressional report released yesterday on the nation's ability to fend off spies.

Sen. David Durenberger (R., Minn.), chairman of the Senate Intelligence Committee, which produced the 141-page study, deplored what he termed a "totally abysmal record" of protecting government and industrial secrets. These losses, he said, already had cost the United States "billions and billions and billions and billions."

"Based on the public and classified record, the committee has found the aggregate damage in recent years to

be far greater than anyone in the U.S. government has yet acknowledged publicly," the report said. "The inescapable conclusion is that the damage was immense."

Durenberger wants the U.S. counterespionage budget increased by at least \$500 million annually and a central authority created to manage spy-stopping efforts. Counterespionage now is carried out by the Federal Bureau of Investigation in the United States, the Central Intelligence Agency abroad and any of a half-dozen military security agencies when defense secrets are involved.

Durenberger said he supported the purchase over several years of \$1.2 billion worth of new "scrambler" phones for U.S. officials, a cost-of-

living allowance for the 400 FBI agents assigned to counterespionage duties in New York City and a "new approach" to defectors, including cash rewards.

The Intelligence Committee report also calls for "many more" re-checks of personnel cleared for secrets and a tougher background check on job candidates, including a credit check, intensive investigation of "recent life history" and an interview intended to discover "issues that may merit further investigation." Current procedures include none of those requirements, and the interview usually occurs at the end of an investigation.

To the traditional Soviet bloc targets of counterespionage efforts, the

Intelligence Committee would add spying from such nations as Israel and the People's Republic of China, each involved in recent spying episodes.

Defense Intelligence Agency personnel would be stationed for the first time inside the operations of defense contractors, and sensitive civilian satellite communications would be scrambled.

Banks would be required to turn over records to the FBI without a court order in counterespionage cases, subject to "a framework of attorney general guidelines and congressional oversight," the committee recommends. Disclosure of telephone records also would be required and warrantless searches permitted.

For the first time, Senate personnel with security clearances would be required to report contacts with known or suspected foreign intelligence agents.

In addition to the Intelligence Committee's measures, a planned five-year, \$44 billion State Department program to upgrade security at embassies abroad also includes numerous new measures to defeat spies, Durenberger said.

The Intelligence Committee's recommendations, produced in cooperation with counterspy agencies, are likely to encounter little resistance in a Congress alarmed by what Durenberger and others have called "The Year of the Spy." Between 1984 and 1986, according to the report, 25 people were convicted of espionage charges, with most of the convictions between mid-1985 and mid-1986. Durenberger said that a classified package of administration legislation would be introduced next week to carry out the proposed changes.

Among the faults uncovered by the committee's 15-month study were these:

- The Pentagon's most highly classified projects, called "special access programs," sometimes have lower security-clearance standards than merely "secret" programs.

- Warsaw Pact countries legally operate more than 60 U.S.-chartered corporations to which restrictions on the sale of advanced technology can rarely be applied.

- U.S. embassies abroad employ 9,800 foreign nationals and U.S. military facilities overseas employ 120,000 — overwhelming numbers for counterespionage personnel to deal with.